THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) Insurance covers are already available for various natural calamities, such as, earthquake, cyclone, flood, hurricane, landslide, etc. with the four public sector general insurance companies *viz.* (i) National Insurance Co. Ltd. (ii) New India Assurance Co. Ltd. (iii) Oriental Insurance Co. Ltd. and (iv) United India Insurance Co. Ltd. Similarly, Personal Accident Policies covering deaths and disablement due to accidents are also available with these companies. These covers can be purchased by any person from these companies by paying the requisite premium.

(c) and (d) Do not arise.

NPAs of Public Sector *vis-a-vis* Foreign Banks

4305. SHRI NARENDRA MOHAN: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the ratio of net Non-Performing Assets (NPAs) of Public Sector Banks is 2.26 per cent of total assets but in case of foreign banks it is only 0.79 per cent;

(b) if so, whether this vast difference is attributable to management of the PSBs *vis-a-vis* foreign banks or whether there are any other reasons for this; and

(c) whether any study has been made for recovery of NPAs during the last three years and whether any changes are required to improve the recovery of NPAs?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) The ratio of net NPAs to total assets of Public Sector Banks (PSBs) as on March 31, 2001 was 2.72% and 0.8% for Foreign Banks. The major reasons for difference in ratio of net NPAs to total assets of PSBs and foreign banks is that the foreign banks operating in selected locations lend to selected clientele in selected areas with priority sector lending limited to export credit and credit to SSI Sector. The PSBs with large rural network are required to lend to all sections of the society including agriculture, education, housing, Government sponsored schemes, weaker sections and other priority sectors as well.

(c) Government and Reserve Bank of India (RBI) reviews the position of NPAs on a continuing basis and various measures have been taken for recovery of NPAs such as evolving and implementation of recovery policy by banks for

restructuring, rescheduleiment and compromise settlement, filing of suits in DRTs and Courts, vigorous monitoring, supervision and follow up of Non-Performing Assets (NPAs) at various levels by the management. Further, Corporate Debt Restructuring mechanism has been put in place. Action has also been taken for setting up of Asset Reconstruction Companies. Legislative changes are proposed to facilitate securitisation, foreclosures and enforcement of securities in cases of default without intervention of the Court.

NABARD guildelines for rural banks

4306. SHRI C. P. THIRUNAVUKKARASU: Will the Minister of FINANCE be pleased to state:

(a) whether NABARD has issued guidelines to improve functioning of Cooperative Agriculture and Rural Development Banks in the States;

(b) if so, the details thereof;

(c) whether the NABARD has examined the problem faced by Cooperative Agriculture and Rural Development Banks in various States;

(d) if so, the details thereof; and

(e) the measures proposed to be taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) National Bank for Agriculture and Rural Development (NABARD) has reported that it has issued guidelines and taken a number of initiatives for improving the working of the State Cooperative Agriculture and Rural Development Banks (SCARDBs). These measures include preparation of institution-specific development action plans (DAPs) aimed at attaining current/sustainable viability in the shortest possible time-frame and implementation and monitoring the same through the mechanism of Memorandum of Understanding (MoU). These guidelines were revised in July, 2000 for incorporating implementation of prudential norms (income recognition, asset classification and provisioning norms), etc. Guidelines were further issued in April, 2001 for implementing one-time settlement scheme (OTS) to reduce the level of non-performing assets.

(c) to (e) Government had set up a task Force to study the cooperative credit system and suggest measures for its strengthening under the Chairmanship of Shri Jagdish Capoor. The Task Force found that SCARDBs were suffering